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IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., *et al.*,

Petitioners,

v.

APPLE INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF NORDOCK, INC. AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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TABLE OF CONTENTS

Page

TABLE OF CONTENTS i

TABLE OF CITED AUTHORITIES iv

INTEREST OF *AMICUS CURIAE* 1

SUMMARY OF ARGUMENT 2

ARGUMENT 4

I. Meaning Of Term "Article Of Manufacture" In Design Patent Statutes Prior To The Patent Act Of 1952 4

A. 35 U.S.C. §171 5

1. Designs Applied To Multi-Component Articles 5

2. Designs Applied To A Portion Of An Article 8

3. Patent Office Classification Systems And Importance Of Design Patent Title 10

B. 35 U.S.C. §289 13

C. The Term "Article of Manufacture" Should Be Interpreted Consistently 16

Table of Contents

Page

II. Legislative Reenactment Doctrine Does Not Apply For Construing The Term "Article of Manufacture" In §§171 And 289 18

A. Phrase "Any Article Of Manufacture For The Purpose Of Sale" Is Plain. ...18

B. Requirements To Apply Doctrine Are Not Met.. .... .19

1. Prior To The Act Of 1952, There Was No Judicial And Administrative Consensus Of The Term "Article Of Manufacture" Consistent With The Government's Position.....20

2. Congressional Record For The Patent Act Of 1952 Does Not Evidence An Intent To Use The Doctrine To Alter Meaning Of Term "Article Of Manufacture".....21

III. Long-Standing, Dominant Companies In An Industry Tend To Infringe Design Patents Of Smaller Companies Entering Their Industry With A Distinctive And Favorable Product Design.... 23

Table of Contents

Page

IV. Should This Court Incorporate The Government's Four Factors Into The Totality Of The Circumstances Test To Determine The "Article Of Manufacture" Under §289, This Court Should Consider Several Additional Factors ..... **..25**

CONCLUSION .... .30

TABLE OF CITED AUTHORITIES

Page

CASES

Apple Inc. v. Samsung Elecs. Co.,
786 F.3d 983 (Fed. Cir. 2015) 18, 19, 26

Ass'n of Am. R.R.s v. Interstate Commerce Comm'n,
564 F.2d 486 (D.C. Cir. 1977) 21

Bergstrom v. Sears, Roebuck & Co.,
496 F. Supp. 476 (D. Minn. 1980) .. .. .21

Bernardo ex rel. M & K Eng'g, Inc. v. Johnson,
814 F.3d 481 (1st Cir. 2016), *cert. denied*,
84 U.S.L.W. 3508 (2016)..... .....19, 20

Brown v. Gardner,
513 U.S. 115 (1994) . .. .19

Bruesewitz v. Wyeth LLC,
562 U.S. 223 (2011).. ... .20

Chandler Adjustable Chair & Desk Co. v. Heywood Bros. & Wakefield Co.,
91 F. 163 (D. Mass. 1898).....6

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348 U.S. 426 (1955). ... .21

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Page

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478 U.S. 833 (1986) 20

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498 U.S. 184 (1991) 18-19

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118 U.S. 10 (1886) 9

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Duncan v. Walker,
533 U.S. 167 (2001) 13

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1916 Dec. Comm'r Pat. 57,
232 Off. Gaz. Pat. Office 619 11

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1913 Dec. Comm'r Pat. 206,
194 Off. Gaz. Pat. Office 549 11

Ex parte Gibson,
20 U.S.P.Q. 249 (Pat. & Tr. Office Bd. App. 1933) ... 8

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1915 Dec. Comm'r Pat. 9,
218 Off. Gaz. Pat. Office 603 7

Cited Authorities

Page

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1914 Dec. Comm'r Pat. 69,
204 Off. Gaz. Pat. Office 1346 6

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529 U.S. 120 (2000). 16

Gorham Co. v. White,
81 U.S. (14 Wall.) 511 (1871). 9

Graff, Washbourne & Dunn v. Webster,
189 F. 902 (E.D.N.Y. 1911) 10

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195 F. 522 (2d Cir. 1912). 10

Helvering v. Stockholms Enskilda Bank,
293 U.S. 84 (1934) 16

Henry Hanger & Display Fixture Corp. of Am. v. Sel-O-Rak Corp.,
270 F.2d 635 (5th Cir. 1959) 21

In re Hadden,
20 F.2d 275 (D.C. Cir. 1927) 7

In re Koehring,
37 F.2d 421 (C.C.P.A. 1930) 8, 15

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270 F.2d 391 (C.C.P.A. 1959). 12

Cited Authorities

Page

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46 F.2d 203 (C.C.P.A. 1931) 8, 11, 16

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617 F.2d 261 (C.C.P.A. 1980) 8-9

Jama v. Immigration & Customs Enf't,
543 U.S. 335 (2005) 19, 20

King v. Burwell,
135 S. Ct. 2480 (2015) 16

Lorillard v. Pons,
434 U.S. 575 (1978) 19, 22

Merck & Co. v. Reynolds,
559 U.S. 633 (2010) 20

Nordock, Inc. v. Systems Inc.,
803 F.3d 1344 (Fed. Cir. 2015), *petition for cert. pending*, No. 15-978 (filed Jan. 28, 2016) . . 23, 24, 25-26

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487 U.S. 552 (1988) 19

Schnadig Corp. v. Gaines Mfg. Co.,
620 F.2d 1166 (6th Cir. 1980) 21

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132 S. Ct. 1463 (2012) 13

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Page

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475 U.S. 851 (1986) 16

TRW Inc. v. Andrews,
534 U.S. 19 (2001) 13

United States v. Calamaro,
354 U.S. 351 (1957) 22

United States v. Menasche,
348 U.S. 528 (1955) 13

United States ex rel. Steinmetz v. Allen,
22 App. D.C. 56 (D.C. Cir. 1903) 12

Untermeyer v. Freund,
58 F. 205 (2d Cir. 1893) 16, 21

STATUTES

Act of Feb. 4, 1887, ch. 105, 24 Stat. 387 ..... *passim*

Rev. Stat. §4929 (1878) 6, 8, 11, 16

Patent Act of 1952:

35 U.S.C. § 171 ..... *passim*

35 U.S.C § 284 ..... 23, 24

35 U.S.C. § 289 ..... *passim*

Page

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H.R. Rep. No. 49-1966 (1886), *reprinted in* 18 Cong. Rec. 834 (1887) . . . . . *passim*

H.R. Rep. No. 82-1923 (1952) 22

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§17-4 (original ed. 1948) 12

§1503.01 (1st ed. Nov. 1949) 12

§1503.01 (1st ed. Rev. 1, Nov. 1950) 12

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§1503.01(I) (9th ed., Rev. 07.2015, Oct. 2015) 17

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Page

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Page

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INTEREST OF *AMICUS CURIAE*[1]

Nordock, Inc. ("Nordock") is the respondent to a petition for writ of certiorari filed by Systems, Inc. ("Systems") that is presently before this Court regarding design patent infringement damages under §289. (Court Docket 15-978).

Nordock was founded in 2001 as a small startup company in a mature dock leveler industry. Unbound by the constraints of a large company, its founder and president created and introduced a line of dock levelers with several new and innovative features, including a new and ornamental front end design that distinguished its levelers from other manufacturers. Nordock filed a patent application with the United States Patent and Trademark Office ("Patent Office") disclosing these new features. The application resulted in the issuance of three patents, including a design patent.

Systems was founded in 1961, and is one of three companies that dominate the dock leveler industry. Since the 1960s, Systems made and sold dock levelers with a non-distinctive front end design commonly used by others in the industry. In 2005, Systems introduced an infringing dock leveler with Nordock's innovative front end design.

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1. No counsel for a party authored the brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person other than the amicus curiae or its counsel made a monetary contribution to its preparation or submission. The Petitioner has filed a blanket consent and the consent of the Respondent is being submitted herewith.

Nordock is a voice for smaller startup companies with new product designs entering a mature industry dominated by larger companies. Nordock is also a voice for companies that lead an industry in obtaining design patent protection for a new design for a particular type of product.

SUMMARY OF ARGUMENT

Both the Federal Circuit and government propose a totality of the circumstances test to determine an "article of manufacture" for assessing defendant's total profit under §289. This is sound law. Should a defendant, found to infringe a valid design patent, believe the article of manufacture is less than the product it sold, the defendant has ample opportunity to put forth evidence and testimony at trial establishing this for the fact finder.

The Federal Circuit's decision considers whether the portion of the product containing the patented design is sold separately. This factor is susceptible to abuse by savvy or unscrupulous manufacturers if it is adopted as a bright-line test for determining the "article of manufacture" under §289. For example, take the situation where a manufacturer has sold a product welded together for the past 50 years. That manufacturer can adopt a patented design, but now offers the component containing the patented design either welded or bolted onto the product. While 98% of its customers may continue to buy the product welded together, 2% of its customers may, possibly as a favor to the manufacturer, buy the product with the component bolted onto the product. The savvy manufacturer could then advertise the bolted feature as a way to replace the component should it become damaged,

and offer to sell the infringing design separately to the limited number of customers that bought the bolted version of the product. The plain wording of the federal design patent statutes do not require a sold separately bright-line test to determine the "article of manufacture" for assessing defendant's total profits under §289. Yet, if adopted as a bright-line test, the "sold separately" test could defeat Congress' intended purpose of enacting the design patent enforcement statute.

The government proposes a totality of the circumstances test based on four specific factors. Each of these factors can be enlightening for determining the appropriate "article of manufacture" under §289. Yet, by its very nature, a totality of the circumstances test should not be limited to a four factor test. Additional appropriate factors should be available to the fact finder based on the totality of the circumstances of a particular case. The Patent Office reviews design patent applications to ensure they comply with the article of manufacture requirement under §171. The Patent Office also conducts a search of relevant prior art and lists these search fields and references on the cover of the design patent. The search fields and listed references serve as a public notice, and in certain situations, can be enlightening in determining the appropriate scope of the article of manufacture. Additional marketing and sales factors can also lend guidance to determine the appropriate article of manufacture to which the design is applied. These marketing factors are consistent with the phrase "for the purpose of sale" in the enforcement statute.

As a small startup company with a new product design entering an established industry that was and is

dominated by three large companies, Nordock can speak to the difficulty in establishing its product identity, and the harm caused by a larger company that applies the smaller company's design to its product. Limiting the monetary harm to a reasonable royalty or apportioned total profits, will allow a savvy manufacturer to reap where it has not sown. As Congress stated when discussing the enforcement statute in the Act of 1887, such an interpretation renders design patents a right without a remedy.

Allowing a defendant in design patent litigation to present evidence demonstrating that the "article of manufacture" is less than the entire product it sells is sound law, and the Federal Circuit's decision in the *Apple* case should be upheld. This Court should endorse the totality of the circumstances test required by the Federal Circuit decision. However, if this test is to include the list of four factors proposed by the government, the list should include additional factors as described herein.

ARGUMENT

I. Meaning Of Term "Article Of Manufacture" In Design Patent Statutes Prior To The Patent Act Of 1952

The term "article of manufacture" is found in both 35 U.S.C. §§171 and 289 of the Patent Act of 1952.[2] Both statutes apply specifically to design patents. Section 171 pertains to the Patent Office review and issuance of design patents. Section 289 pertains to the enforcement of design patents.

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2. The term "article of manufacture" is not in any other section of the Patent Act of 1952.

A. 35 U.S.C. §171

Well before the Patent Act of 1952, judicial and Patent Office decisions confirmed that the term "article of manufacture" included multi-component articles, and that a design can be applied to a portion of an article of manufacture.

1. Designs Applied To Multi-Component Articles

In the 1870s, the Patent Office issued Design Patent Nos. D6,822, D10,778, D10,870 and D11,074 for various designs applied to carpeting. Carpeting is a multi-component product formed from dyeing and weaving pile into a primary backing, applying bonding agents, securing the pile in place with a secondary backing, and applying protective coatings, etc. *Carpet*, How Products Are Made, http://www.madehow.com/Volume-2/Carpet.html (last visited Aug. 2, 2016); *Carpet Terms and Terminology You Should Know*, World Floor Covering Association, http://www.wfca.org/Pages/Carpet-Terms.aspx (last visited Aug. 2, 2016).

In 1879, the U.S. Patent Office issued Design Patent No. D11,023 to Auguste Bartholdi for the ornamental design embodied in the Statue of Liberty. The patent for this iconic design lists the following eight components: a female figure, stola, tunic, torch, tablet, crown, diverging rays representing a halo, and pedestal. Not counting its pedestal, the monument was assembled from 350 individual pieces shipped from France. The monument stands 305 feet tall, and was dedicated on October 28, 1886 along with a national celebration. *Statue History*, The Statue

of Liberty-Ellis Island, http://www.libertyellisfoundation.org/statue-history (last visited Aug. 2, 2016). The Lady Liberty portion of the monument was assembled while Congress deliberated the Act of 1887. "Its design and construction were recognized at the time as one of the greatest technical achievements of the 19th century and hailed as a bridge between art and engineering." *Statue of Liberty*, UNESCO World Heritage Centre, http://whc.unesco.org/ en/list/307 (last visited Aug. 2, 2016).

In 1897, the Office issued Design Patent No. D27,272 for the ornamental design applied to a multi-component furniture support with moving parts. When a defendant asserted that Rev. Stat. §4929 (the precursor of §171) does not permit a design patent for an article of manufacture with moving parts, a district court stated as follows:

> I am of the opinion that such a construction of the statute calls for an unwarranted and unreasonable limitation of the terms "manufacture" and "any article of manufacture," and leads to absurd and unjust results.

Chandler Adjustable Chair & Desk Co. v. Heywood Bros. & Wakefield Co., 91 F. 163, 163 (D. Mass. 1898).

In 1914, Assistant Commissioner Newton of the Patent Office found that a pitcher with a detachable top was entitled to design patent protection. *Ex parte Sanford*, 1914 Dec. Comm'r Pat. 69, 204 Off. Gaz. Pat. Office 1346. That same year, Assistant Commissioner Newton also found a multi-component chair with moving parts entitled to design patent protection, and stated as follows:

> There seems to be no good reason for laying down a hard and fast rule that design patents cannot be granted to cover devices with relatively movable parts. It is a well-known fact, for example that carriage, buggy, and automobile builders are constantly striving to produce graceful and pretty designs for carriages, buggies, and automobiles as entireties, including the wheels. Pump-makers exercise as much invention in producing new and artistic designs for pumps, including their relatively movable handles, as do stoneworkers in producing new designs for tombstones. According to sound principles of construction, the design statute should not be so construed as to deny protection to the former and extend it to the latter unless its terms are clearly to that effect, and they are not.

Ex parte Klemm & Schreiber, 1915 Dec. Comm'r Pat. 9, 10, 218 Off. Gaz. Pat. Office 603, 603.

In 1927, the Court of Appeals of the District of Columbia found that an assembled grandstand was an article of manufacture, and thus entitled to design patent protection. *In re Hadden*, 20 F.2d 275, 275-76 (D.C. Cir. 1927). This court decision is consistent with the issuance of Design Patent No. D11,023 for the Statue of Liberty 48 years earlier.

In 1930, the Court of Customs and Patent Appeals found that an ornamental design applied to a concrete mixer truck was patentable. The court stated:

> Upon the proposition as to what is "an article of manufacture," within the meaning of the design patent law, there have been many decisions of the Patent Office and the courts, some of which are apparently in conflict, but it is readily observable that it has become the settled law that tools and mechanisms which are patentable because of their utilitarian qualities may also properly be the subject-matter for design patents if they possess certain qualities which the law requires.

In re Koehring, 37 F.2d 421, 422 (C.C.P.A. 1930).

In 1933, the Patent Office Board of Appeals found that the Office had not consistently followed the doctrine that a design patent should be limited to a one-part single article of manufacture. *Ex parte Gibson*, 20 U.S.P.Q. 249, 250 (Pat. & Tr. Office Bd. App. 1933). The Patent Office has interpreted *Ex parte Gibson* to mean that "[w]hile the claimed design must be embodied in an article of manufacture as required by 35 U.S.C. 171, it may encompass multiple articles or multiple parts within that article. MPEP §1504.01(b) (9th ed., Rev. 07.2015, Oct. 2015).

2. Designs Applied To A Portion Of An Article

Before the Act of 1887, design patents were issued for a portion of an article of manufacture. The focus of §4929 and §171 is on a design "for an article of manufacture." The word "for" in §4929 and §171 indicates that the design is not the article of manufacture itself, but rather the design "APPLIED" to the article of manufacture. *In re Schnell*, 46 F.2d 203, 208 (C.C.P.A. 1931); *see also In re*

Zahn 617 F.2d 261, 269 (C.C.P.A. 1980). Nothing in §171 requires the design to be applied to the entire article of manufacture. The design patents in the *Dobson* cases are an example of this. *Dobson v. Dornan*, 118 U.S. 10 (1886); *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885) [hereinafter *Dobson* or Carpeting cases]. The ornament applied to carpeting appears on the surface of the piling, not necessarily the entire piling, and certainly not its backing and secondary backing.

In 1871, the Patent Office issued Design Patent No. D1,440 for a design applied to a spoon and fork handle – a portion of the utensils. This Court considered this patent when determining that the patent had been infringed. *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511 (1871). The Court's *Gorham* decision was incorporated by reference in the House Report for the Act of 1887, which reads as follows:

> The bill has reference to an infringement by the use of the design patented or of any colorable imitation thereof. The last phrase does not extend the present rule as to what constitutes infringement of a design patent, but merely expresses and adopts it. (See Gorman [sic] Manufacturing Company vs. White, 14 Wallace Reports.)

H.R. Rep. No. 49-1966 at 1 (1886), *reprinted in* 18 Cong. Rec. 834 (1887). This Court's *Gorham* decision has stood as the test for infringement in design patent cases from 1871 through today.

In 1909, the Patent Office issued Design Patent No. D39,992 for a design applied to the border of a dish, and Design Patent No. D40,009 for a portion or border-section of that design. In 1911, a trial court found both patents valid and infringed. *Graff, Washbourne & Dunn v. Webster*, 189 F. 902, 910 (E.D.N.Y. 1911). The Second Circuit upheld the finding of infringement, with validity not being contested on appeal. *Graff, Washbourne & Dunn v. Webster*, 195 F. 522, 524-25 (2d Cir. 1912).

3. Patent Office Classification Systems And Importance Of Design Patent Title

In 1913, Commissioner Moore stated the following distinction between a design patent for a "configuration" applied to an article of manufacture and a design patent for surface "ornament" applied to an article of manufacture.

> Where a design is for the form or configuration or involves the relative proportions of parts of an article of manufacture, said **article of manufacture must necessarily be disclosed in the application**. Where, however, as in the present case, the design is for an ornament adapted to be applied to any article of manufacture, I fail to find in the statute any requirement that the applicant shall disclose this design as applied to some particular definite article of manufacture, as required by the Examiner.

> Although the fact, as stated by the Examiner, that the present **system of classification** is dependent upon a disclosure by the applicant of the article of manufacture upon which the design is affixed is entitled to due weight, the question of granting an applicant a patent affording him all the protection to which he is entitled under the statute is paramount to the question of **classification**.

Ex parte Fulda, 1913 Dec. Comm'r Pat. 206, 209-10, 194 Off. Gaz. Pat. Office 549, 550-51 (emphasis added).

In 1916, Assistant Commissioner Clay, in reference to §4929, stated that the word "an" in the statute "requires the applicant to specify some one particular article of manufacture to which he [or she] has applied the design . . . ." *Ex parte Cady*, 1916 Dec. Comm'r Pat. 57, 61, 232 Off. Gaz. Pat. Office 619, 621. The Assistant Commissioner explained that the statute required the identification of a specific article (e.g., a doll) to which the design is applied, and that it is for the courts to decide if other types of articles (e.g., dinner-card, bean-bag, paper-weight) infringe the patent. This reversed the portion of *Ex parte Fulda* finding that a design patent for a surface ornamentation did not need to specify a specific article of manufacture. This Patent Office practice was further modified to allow a more general identification of the article of manufacture for a design patent covering a surface ornament (e.g., glassware), provided the design patent included drawings showing the design applied to more than one article (e.g., saucer, etc.). *In re Schnell*, 46 F.2d at 821-22.

The Patent Office published its original Manual of Patent Examining Procedure ("MPEP") in 1948. This original MPEP included a Section 17 entitled Design Patents. Section 17-4 states in Rule 20.3 that "[t]he title of the design must designate the specific article for which the design has been invented." Section 17-4 further states:

> The most important thing is the title. This serves to identify the article in which the design is embodied and which is shown in the drawing, by the name generally used by the public.

MPEP §17-4 (original ed. 1948).

Between November 1949 and May 1952, the Patent Office published a first edition of the MPEP, and three subsequent revisions. Each of these publications included a Section 1503.01 entitled "Specification and Claims," which states in part as follows:

> The title is of great importance in a design application. It serves to identify the article in which the design is embodied and which is shown in the drawing, by the name generally used by the public.

MPEP §1503.01 (1st ed. Nov. 1949); MPEP §1503.01 (1st ed. Rev. 1, Nov. 1950); MPEP §1503.01 (1st ed. Rev. 2, Dec. 1951); MPEP §1503.01 (1st ed. Rev. 3, May 1952). The rules of the Patent Office have the force and effect of the law unless they are inconsistent with statutory provisions. *In re Rubinfield*, 270 F.2d. 391, 395 (C.C.P.A. 1959) (citing *United States ex rel. Steinmetz v. Allen*, 22 App. D.C. 56, 66 (D.C. Cir. 1903)).

Thus, based on the history of 35 U.S.C. §171, when Congress enacted the Patent Act of 1952, it would have been aware that the term "article of manufacture" included multi-component articles, that a design can be applied to a portion of an article of manufacture, and that the title of a design patent should state the article of manufacture by the name generally used by the public.

B. 35 U.S.C. §289

As the parties' briefs state, Congress' reaction to the *Dobson* carpet cases was the impetus for the 1887 Act. Pet. Br. at 12; Resp. Br. at 17. Congress intended the Act to be "preventive" in character so as to stop would-be infringers from paying a little for the privilege of violating the law to earn much more. H.R. Rep. No. 49-1966 at 3. No judicial or administrative decision states otherwise.

The focus of §289 is on applying the design "to any article of manufacture for the purpose of sale." 35 U.S.C. §289. Given the phrase "for the purpose of sale," the focus is clearly on a design applied when the article is advertised and sold. This Court has long held that "[i]t is 'a cardinal principle of statutory construction' that 'a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.'" *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001) (quoting *Duncan v. Walker*, 533 U.S. 167, 174 (2001)). The interpretive rule requires this Court to "'give effect to every clause and word' of the Act." *Setser v. United States*, 132 S. Ct. 1463, 1470 (2012) (quoting *United States v. Menasche*, 348 U.S. 528, 538-39 (1955)) (alteration in original). When interpreting the term "article of manufacture" the phrase "for the purpose of sale" should be a part of that interpretation.

The Congressional Record for the Act of 1887 (the predecessor of §289) does not require that the design be applied to the entire article of manufacture. In fact, the Congressional Record states just the opposite.

> It is expedient that the infringer's entire profit on the article should be recoverable, as otherwise none of his profit can be recovered, for it is **not apportionable**; and it is just that the **entire profit on the article** should be recoverable and by the patentee, for it is the design that sells the product. . . .

H.R. Rep. No. 49-1966 at 1 (emphasis added). Not only did Congress intend that the statute and its total profit language pertain to the entire article sold (i.e., carpeting in *Dobson*), Congress also intended that the total profit language pertain to the entire process of making that article (i.e., "carding, spinning, dyeing, and weaving" to make carpeting). *Id.* at 2. The legislative history also delineates Congress' reasons for enacting §289.

> The object in putting in the further clause that the party may recover any additional damages is this: It is believed that this will be **preventive** in its character, and no [person] would be likely to infringe when a recovery against him [or her] for such infringement will involve the sum of $250, as well as the total earnings of the business from that source; because there are many cases where parties would be willing to pay $250 for the privilege of infringing, because the manufacture which [the person] would undertake would enable him [or her]

> to make many hundreds of dollars on such a small outlay; and **this provision is put in for the purpose of meeting the cases of those who are willing to pay for the privilege of violating the law.**

Id. at 3 (emphasis added).

Section 289 plainly states that whoever "applies the patented design . . . to any article of manufacture for the purpose of sale . . . shall be liable to the owner to the extent of his [or her] total profit." 35 U.S.C. §289. The statute plainly and logically states that the total profit pertains to the sale. The sale is for the entire article of manufacture.

Congress would have been aware that products protected by design patents also possess utilitarian features. As noted above, this was well-known. *In re Koehring*, 37 F.2d at 422. For example, many factors are taken into consideration by manufacturers and purchasers of carpeting, such as material (e.g., wool, cotton, nylon, polyester), density of pile, length/plushness of pile, ink durability, cleanability, flame resistance, water repellant, etc. Yet, the legislative history of the 1887 Act notes that "for it is the design that sells the article." H.R. Rep. No. 49-1966 at 2. The word "article" in this legislative statement plainly shows that Congress understood the article was what was sold, and the article was not just the portion of the article upon which the design was applied. Carpeting without its primary and secondary backing and adhesives is just so many pile clippings.

In 1893, when the 1887 Act was fresh in the minds of the courts and businesses, the Second Circuit found that

a defendant infringing Design Patent No. D15,121 for the ornamental design applied to a watch case was liable for the "total net profit upon the whole article." *Untermeyer v. Freund*, 58 F. 205, 212 (2d Cir. 1893).

C. The Term "Article of Manufacture" Should Be Interpreted Consistently

As this Court is aware, when considering the harmony of provisions within a single act, the presumption of consistent usage applies. This presumption applies to the patent acts. The court in *In re Schnell* acknowledged this when determining the scope of an invention under §4929. The court stated as follows:

> The meaning of the language in section 4929, Revised Statutes, should be construed in connection with the meaning of the enforcement provision.

In re Schnell, 46 F.2d at 209-10. This is a well-recognized principle. "The normal rule of statutory construction assumes that 'identical words used in different parts of the same act are intended to have the same meaning.'" *Sorenson v. Sec'y of Treasury*, 475 U.S. 851, 860 (1986) (quoting *Helvering v. Stockholms Enskilda Bank*, 293 U.S. 84, 87 (1934)). In this whole act rule of statutory construction, courts "must read the words 'in their context and with a view to their place in the overall statutory scheme.'" *King v. Burwell*, 135 S. Ct. 2480, 2489 (2015) (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000)).

Prior to the Patent Act of 1952, Congress would have been aware of the court and Patent Office decisions discussed above stating that a design patent can issue for multi-component articles or a portion of the article, and defendant's total profit is based on the sale of the entire article of manufacture sold. The current version of the Patent Office MPEP builds from these court and Patent Office decisions to state as follows:

> The title of the design identifies the article in which the design is embodied by the name generally known and used by the public and may contribute to defining the scope of the claim. See MPEP § 1504.04, subsection I.A. The title may be directed to the entire article embodying the design while the claimed design shown in full lines in the drawings may be directed to only a portion of the article.

MPEP § 1503.01(I) (9th ed., Rev. 07.2015, Oct. 2015). The MPEP in a subsection entitled "Considerations Under 35 U.S.C. § 112," also states in pertinent part as follows:

> The scope of a claimed design is understood to be limited to those surfaces or portions of the article shown in the drawing in full lines in combination with any additional written description in the specification. The title does not define the scope of the claimed design but merely identifies the article in which it is embodied. See MPEP § 1503.01, subsection I.

MPEP § 1504.04(I)(A) (9th ed., Rev. 07.2015, Oct. 2015). The above MPEP rule does not conflict with the statutes,

and is thus given the effect of law. This rule is logical given the Patent Office classification system, albeit that it is ever changing and developing.

Reading §289 in light of §171 to determine the meaning of "article of manufacture" does not lead to a deviation from the term applying to what is being sold. In fact, the Federal Circuit's decision in this case stating that the term pertains to the smallest article of manufacture on which the design is applied and sold, is actually a step back from the breadth the term is given through the language in §289, particularly when construed consistently with §171. *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1002 (Fed. Cir. 2015). Nothing in the statute states that just because a defendant sells an article in one form as a separate item, that the use of the article in a multi-part article of manufacture precludes liability under §289.

II. Legislative Reenactment Doctrine Does Not Apply For Construing The Term "Article of Manufacture" In §§171 And 289

The congressional reenactment doctrine is only applicable in certain factual situations. The necessary factors are not present for the issue of this case, namely the meaning of the term "article of manufacture" in §§171 and 289.

A. Phrase "Any Article Of Manufacture For The Purpose Of Sale" Is Plain

Where the law is plain, subsequent reenactment does not constitute adoption of a previous administrative construction. *Demarest v. Manspeaker*, 498 U.S. 184,

190 (1991); *see also Brown v. Gardner*, 513 U.S. 115, 121 (1994) (calling this the "obvious trump to the reenactment argument").

There is no meaningful debate regarding how to calculate a "total profit." The petitioner's issue is over the meaning of what is the "article of manufacture" upon which total profits should be assessed under §289, and more particularly the meaning of the phrase "any article of manufacture for the purpose of sale." For the above reasons, this meaning is plainly understood. Defendant's total profit is based on the entire article of manufacture to which the design is applied. Based on the evidence and testimony in the case, the Federal Circuit found this to be the entire cell phone. *Apple*, 786 F.3d at 1001-02.

B. Requirements To Apply Doctrine Are Not Met

Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it reenacts a statute without change. *Lorillard v. Pons*, 434 U.S. 575, 580 (1978). "For the legislative reenactment canon to apply, two requirements must be met: (1) Congress must reenact the statute without change; and (2) 'the supposed judicial consensus must be so broad and unquestioned that we must presume Congress knew of and endorsed it.'"[3] *Bernardo ex rel. M & K Eng'g, Inc. v. Johnson*, 814 F.3d 481, 488 (1st Cir. 2016) (quoting *Jama v. Immigration & Customs Enf't*, 543 U.S. 335, 349 (2005)). This Court has also stated that Congress should indicate its intent to apply the doctrine. *Pierce v. Underwood*, 487 U.S. 552, 567 (1988).

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3. Samsung asserts §289 of the Patent Act of 1952 altered the enforcement provisions of the Act of 1887. Pet. Br. at 40-44.

1. Prior To The Act Of 1952, There Was No Judicial And Administrative Consensus Of The Term "Article Of Manufacture" Consistent With The Government's Position

The legislative reenactment doctrine requires "judicial consensus so broad and unquestioned that we must presume Congress knew of and endorsed it." *Jama*, 543 U.S. at 349. This presumption may only be applied "when 'all (or nearly all) of the' relevant judicial decisions have given a term or concept a consistent judicial gloss." *Bruesewitz v. Wyeth LLC*, 562 U.S. 223, 243 (2011) (quoting *Merck & Co. v. Reynolds*, 559 U.S. 633, 659 (2010) (Scalia, J., concurring in part and concurring in judgment)). Courts have extended the requirement of uniformity to judicial and administrative statutory interpretations. *Bernardo*, 814 F.3d at 488; *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833, 846 (1986).

The judicial and administrative decisions for at least two decades prior to the Patent Act of 1952 repeatedly found that an "article of manufacture" included multi-component articles of manufacture. *See supra* pp. 5-8. In light of this, Congress would have understood that §289 pertained to both single component and multi-component articles of manufacture.

Various cases further demonstrate that Congress intended to prohibit apportionment from the enforcement statute, and that the statute does in fact prohibit apportionment. The *Dobson* carpet cases of the early 1880s were deemed to allow apportionment. The Act of 1887 was passed to overturn this decision. As noted

above, carpeting is a multi-component product. As also noted above, the *Untermeyer* case assessed total profits on the entire watch and did not apportion profits to just the watch case. *Untermeyer*, 58 F. at 212.While parties may differ regarding the meaning of some other pre-1952 cases, it is safe to say there was no body of uniform and consistent court and administrative decisions stating that apportionment no longer applied for §289 in multi-component cases. In addition, the application of the legislative reenactment doctrine was not discussed in various post-Patent Act of 1952 cases. *Schnadig Corp. v. Gaines Mfg. Co.*, 620 F.2d 1166, 1173 (6th Cir. 1980) (D212,602 for sectional sofa); *Henry Hanger & Display Fixture Corp. of Am. v. Sel-O-Rak Corp.*, 270 F.2d 635, 643 (5th Cir. 1959) (D168,143 for garment display rack); *Bergstrom v. Sears, Roebuck & Co.*, 496 F. Supp. 476, 495 (D. Minn. 1980) (D228,728 for fireplace grate, finding total profit not apportionable).

2. Congressional Record For The Patent Act Of 1952 Does Not Evidence An Intent To Use The Doctrine To Alter Meaning Of Term "Article Of Manufacture"

This Court has stated that in order to bring the legislative reenactment doctrine into play, Congress must not only have been made aware of the administrative interpretation, but must also have given some "affirmative indication" of such intent. *Ass'n of Am. R.R.s v. Interstate Commerce Comm'n*, 564 F.2d 486, 493 (D.C. Cir. 1977) (citing *Comm'r v. Glenshaw Glass Co.*, 348 U.S. 426, 431 (1955)).

In reenacting a statute that has consistently been interpreted uniformly throughout judicial and administrative decisions, the reenactment "generally includes the settled judicial interpretations." *Pierce*, 487 U.S. at 567 (citing *Lorillard*, 434 U.S. at 580-81). A statutory provision reenacted without "any congressional discussion which throws light on its intended scope" is reenacted without significance and, therefore, not entitled to weight in the statutory interpretation. *United States v. Calamaro*, 354 U.S. 351, 359 (1957).

Yet, there is no evidence to suggest that Congress was aware of the asserted judicial consensus regarding §§171 or 289 at the time of the reenactment of provisions of the Patent Act of 1952. Although the Congressional Record for the Act of 1952 expressly discusses the revisions to many patent statutes, the Record makes no mention of any change to §§171 or 289. H.R. Rep. No. 82-1923 (1952). A report from the House Committee On The Judiciary expressly states an intent for this legislative reenactment doctrine to apply for the reenactment of §102(a):

> Subsection (a) is the language of the existing law, recognizing that the interpretation by the courts excludes various kinds of private knowledge not known to the public.

H.R. Rep. No. 82-1923 at 6.[4] Yet, this report makes no mention of §289, let alone any intent by Congress to adopt a

4. Similarly, the Record for the 1887 Act contains an express statement demonstrating Congress' intent to apply the legislative reenactment doctrine to incorporate a past court decision into the 1887 Act. *See supra* p. 9.

consistent body of case law via this doctrine, and certainly not any case law regarding whether total profit would be for anything other than the article of manufacture to which the design is applied for the purpose of sale.

For the above reasons, the legislative reenactment doctrine does not apply. The phrase "any article of manufacture for the purpose of sale" is plain and understood. At least one requirement for applying the doctrine is not met. The legislative history also fails to acknowledge any judicial and administrative consensus regarding §289, or any intent to adopt any such consensus.

III. Long-Standing, Dominant Companies In An Industry Tend To Infringe Design Patents Of Smaller Companies Entering Their Industry With A Distinctive And Favorable Product Design

Samsung asserts that the Federal Circuit's decisions regarding §289 will hurt small businesses. Pet. Br. at 2, 47-51. This is ironic. Samsung is a long-standing, dominant company in its respective industry, much like the company that infringed Nordock's design patent. *See supra* pp. 1-2. Incredibly, Samsung even cites to the *Nordock* to support this position. Pet. Br. at 50.

At trial, large companies typically assert that smaller companies are not entitled to lost profits under 35 U.S.C. §284 because the small companies are not able to meet the product demand of the large companies. Nordock faced this challenge during its design patent litigation. The jury bought this argument and did not award Nordock lost profits. When facing potentially large lost profits damage awards in patent infringement litigation, larger companies

will almost assuredly play this card. In addition, even when a design patent represents the brand image of the smaller company, a trial judge can throw out damage expert testimony asserting a reasonable royalty based on 100% of the small company's lost profits under §284. This also occurred in the *Nordock* case. Yet, the legislative history of the 1887 Act shows Congress' attempt to equate §289 damages to trademark damages. See H.R. Rep. No. 49-1966 at 1. Awarding damages for less than the entirety of the infringing product under §289 would be yet another obstacle facing small companies entering a market dominated by larger companies. As Congress stated when discussing the enforcement statute in the Act of 1887, such an interpretation renders design patents a right without a remedy. *Id.*

Samsung had been selling cell phones with multiple buttons on the face of the phone and with a physical keyboard since 1988. Pet Br. at 4-5. Apple entered the cell phone industry in 2007 by introducing its new "iPhone" product with an electronic keyboard having a distinctive look. Samsung quickly adopted that distinctive design. Resp. Br. at 7-8. Apple refers to the harm inflicted by Samsung's predatory behavior in taking its design. Even a larger company such as Apple is harmed when a long-standing dominant competitor in an industry infringes the innovative, distinctive design of a company entering that industry. Samsung's market share rapidly grew at the expense of Apple. *Id.* at 10. Yet the harm to a small business is much more acute.

Small business owners take more risks than established dominant companies. The downside for a large company in litigating a dispute is less dramatic than

to a small business owner. Large companies typically have well diversified product lines that enable them to spread risks over those product lines. Small businesses cannot typically do this. A decline in market share in one product has a greater negative impact on the company. Taking on expensive litigation also imposes significant risk to a small company and is typically avoided whenever possible. Contrary to the Government's brief, the House Report pertains to Congress' intent to prevent "design patent infringement" altogether, not just "under-compensation" for design patent infringement. *Compare* H.R. Rep. No. 49-1966 at 3, *with* Government Br. at 25. The Congressional Record specifically states the entire profit for the business from that source. Given the importance of a distinctive design to a small company entering an established industry, and given the larger risks associated with starting a company and the inherent risks in taking on expensive litigation, the deterrent effect needed to prevent a dominant company from unbridled predatory behavior (e.g., taking the patented distinctive design of a smaller innovative business) requires a robust design patent enforcement statute.

IV. Should This Court Incorporate The Government's Four Factors Into The Totality Of The Circumstances Test To Determine The "Article Of Manufacture" Under §289, This Court Should Consider Several Additional Factors

The Federal Circuits' recent well-reasoned decisions allow a defendant to present evidence to the fact finder that the "article of manufacture" for assessing total profits under §289 is less than the complete product sold by the defendant. *Nordock, Inc. v. Systems Inc.*, 803 F.3d 1344,

1355 (Fed. Cir. 2015); *see also Apple*, 786 F.3d at 1002. The government's position is to adopt the following four factors to determine the totality of the circumstances: 1) the scope of the design claimed in the plaintiff's patent including the drawings and written description; 2) the relative prominence of the design within the product as a whole; 3) whether the design is conceptually distinct from the product as a whole; and 4) the physical relationship between the patented design and the rest of the product. Government Br. at 27-29. Nordock agrees, but believes that expanding this list to include additional factors focusing on marketing and sales activities and the prosecution of the design patent will lead to a result more consistent with the words of the enforcement statute and Congress' intention when enacting that statute.

Degree Defendant's Marketing Displays Component. Evidence showing the degree to which the defendant displayed the component bearing the patented design in its marketing efforts for the product would show whether the defendant was trying to use the design to promote the sale of its infringing product as a whole. When the patented design is shown in large pictures on the cover of the defendant's marketing brochures or displayed at eye level at trade shows, this would show that the defendant is using the design to promote the sale of the infringing product as a whole, and weighs in favor of the article of manufacture being the entire product.

Defendant's Knowledge Of Component Design When Developing Product. Evidence showing a manufacturer was aware of a competitor's component design when it developed a product incorporating that component design shows the manufacturer's perceived significance of the

design in marketing its product, and weighs in favor of the article of manufacture being the entire product. For example, when a manufacturer searches the Patent Office or attends trade shows to identify new product designs, and then introduces a new product incorporating a competitor's patented component design in a new product, this weighs in favor of the article of manufacture being the entire product.

Whether Component Is Commonly Sold Separately. Evidence showing that a component to which a patented design is applied is commonly sold as an integral or non-detachable part of a product weighs in favor of the article of manufacture being the entire product. Evidence showing that the component is commonly sold separately by many companies in the industry (other than the defendant and its distributors or associates) would weigh in favor of the article of manufacture being the component and not the entire product. For example, door handles are commonly sold separately from refrigerators cabinets and furniture, etc. *See, e.g., What Retailers Sell Refrigerator Door Handles?*, Reference.com, https://www.reference.com/home-garden/retailers-sell-refrigerator-door-handles-3e2e05d16b70f35d?qo=contentSimilarQuestions (last visited Aug. 2, 2016); *Handles & Pulls*, Horton Brasses, http://www.horton-brasses.com/handlespulls.asp (last visited Aug. 2, 2016). Similarly, boat windshields are commonly sold separately from the whole boat. *See e.g., Sport Boat Windshields*, Taylor Made Systems, http://www.taylormarine.com/windshields/_Sportboats.html (last visited Aug. 2, 2016) (marketing custom glass windshields and over 70 pre-tooled glass windshields); *About Our Products*, Custom Mold & Tint Inc., http://getaboatwindshield.com/products (last visited Aug. 2, 2016) (selling only boat windshields).

Importance Of Component To Primary Purpose Of Article. For many products, such as industrial equipment, medical equipment, etc., the ordinary consumers for that type of product will pay more attention to essential components, and less attention to peripheral components. For example, ordinary consumers of forklifts may tend to focus on the lift bar mechanism, but not the hubcaps. Thus, when a manufacturer adopts a competitor's patented design applied to an important component of a product, this weighs in favor of the article of manufacture being the entire product.

Patent Office Search Fields. When the Patent Office has utility or design classes for the product being litigated, and the cover page of the design patent lists the classification number for this product as a search field, this weighs in favor of assessing total profits on the entire product. On the other hand, when the Patent Office has utility or design classes for the product, but the Patent Office field of search only lists the class for a component, this weighs in favor of the article of manufacture being the component. For example, if a cup holder design patent lists cup holder classes as the field of search, but does not list automobile classes as the field of search, this weighs in favor of the article of manufacture being a cup holder. When the Patent Office does not have a utility or design class for the litigated product, then this factor would not apply.

Patent Office Design Classification. When the Patent Office has a design class for the infringing product and the cover of the design patent lists the classification number for this product, this weighs in favor of assessing total profits on the entire product. When the Patent Office does

not have a design class for the infringing product, this factor would not apply. For example, although the Patent Office has issued many "utility" patents for dock levelers, the Patent Office has only issued one "design" patent for a dock leveler. This will be so for the first company to obtain a design patent for a particular type of product, and a negative inference should not be applied against a company leading an industry in product design.

References Listed On Cover Of Design Patent. When the references made of record on the cover of the component design patent predominantly list patents for an entire product, this weighs in favor of assessing total profits on the entire product, particularly if the references were made of record by the Patent Office. If the references made of record on the cover of the component design patent are predominantly for the component, this weighs in favor of assessing total profits on the component, particularly if the references were made of record by the applicant.

Defendant's Attempts To Hide Its Infringing Activities. Evidence showing a manufacturer normally publicly advertises its products, but did not do so for a product incorporating a patented design component of a competitor weighs in favor of assessing total profits on the entire product, because this conduct shows the manufacturer perceived the component design as significant to selling the product but did not want the patent holder to learn of its sales activities.

Defendant's Relative Dominance And Duration In Industry. In the case presently before the Court, the defendant is a long-standing, dominant company in its respective industry. Ironically, the defendant asserts

that assessing total profits against an infringing product as a whole will hurt small businesses. The defendant ignores the harm it causes the smaller or new entrant to an industry when a larger, established company infringes the product design of the new entrant. Were this Court to adopt the totality of the circumstances test suggested by the government in its brief, then given the defendant's statement, a factor should be added to take into account the harm a dominant company can have on a new or smaller business to that industry. When a defendant is determined to be a long-standing, dominant company in an industry, this weighs in favor of finding the article of manufacture to be the entire product sold by the defendant.

CONCLUSION

For the foregoing reasons, Samsung's petition should be denied.

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Respectfuliy submitted,

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